

TOWN OF ELLINGTON

ECONOMIC DEVELOPMENT TAX ABATEMENT POLICY

PURPOSE:

The Town of Ellington wants to attract new business opportunities while encouraging growth and investment in existing businesses that will increase long term tax revenue to the town. This policy allows the Town to offer specific real property tax abatement for qualified businesses that agree to the terms offered by the Town.

OUTCOME:

The additional business growth will provide additional tax revenue, potential employment for town residents and opportunities for other town businesses to service the new companies. Expansion of existing town businesses will retain industry within the town proper.

ELIGIBLE BUSINESSES:

The Town will consider applying this policy to those businesses identified pursuant to Connecticut General Statutes Section 12-65b (b), as amended:

Office; Retail; Manufacturing; Warehouse, Storage or Distribution; Information Technology; Recreation Facilities; or Transportation Facilities.

GENERAL INFORMATION:

In the event of unusual or extraordinary circumstances, the Board of Selectmen (BOS) reserves the right to alter or waive any of the foregoing provisions. These guidelines may be changed, in whole or in part, or repealed in their entirety, at any time, without a public hearing, by action of the BOS.

An applicant who is delinquent in any taxes that are otherwise due to the Town of Ellington, federal or state government or other municipality shall be ineligible for tax abatement.

Any agreement between the Town and a business regarding tax abatement will require an agreement by the business to remain solvent for a minimum of 10 years. The business will have three years to achieve the agreed to minimum full time employment level. The abatement will be based upon the capital expenditures to be spent at the time of the agreement; future expansion plans are not counted as part of this agreement.

The assessment of real property for the period prior to the fixed assessment period will be done in accordance with state and local laws and ordinances.

The length of time of the fixed assessment is based on cost of improvements only to real property as follows:

- a. Assessment may be fixed for a period of no more than 7 years, provided the cost of improvements to be constructed is \$3,000,000 or more.
- b. Assessment may be fixed for a period of no more than 2 years, provided the cost of improvements to be constructed is \$500,000 or more and less than 3,000,000.
- c. No more than 50 % of the increased assessment may be fixed, for a period of no more than 3 years, if the cost of improvements is \$25,000 or more and less than \$500,000.

In the event the end user is a tenant, the tax benefit must be reflected in the lease.

DEFINITIONS:

Capital Expenditures: Cash investments to improve an asset that will have a life of more than one year.

Cost of Improvements: The actual cost of constructing such improvements.

Improvements: Building or other structures which are permanently attached to the land.

Real Property: The physical parcel of land and all improvements permanently attached.

Tax Assessment Analysis: An analysis of the loss in tax revenue from granting abatement on eligible cost of improvements according to the parameters listed in this policy, and including an assessment of real property for the period prior to the fixed assessment.

TOWN OF ELLINGTON ECONOMIC DEVELOPMENT TAX ABATEMENT APPLICATION PROCESS

The tax abatement application process begins by the applicant submitting a completed tax abatement application, a document stating that federal, state and local taxes are current; an itemized list of the proposed cost of improvements; copies of site development plans and building plans; a list and the cost of new equipment, machinery and motor vehicles; a list and the fair market value of existing machinery, equipment and motor vehicles; the number of anticipated new employees, expected hire dates, type of jobs and job titles; disclosure of any public or supplemental funding to be used for associated improvements and a statement explaining how the proposal will provide business growth, tax revenue and potential employment for town residents to the Planning Department. Questions regarding the abatement application should be directed to the Planning Department at 860-870-3120.

The Planning Department will forward a copy of the application to the Assessor, Tax Collector and First Selectman for review. The Assessor will review the assessor parcel number(s) and the deed(s), and will provide a tax assessment analysis. The Tax Collector will confirm that taxes are current and the First Selectman will review that the application is within the program parameters.

Once all town reports have been received, the Planning Department will forward the application form, with town staff comments, to the Economic Development Commission (EDC) for the next regularly scheduled meeting. The applicant must attend the EDC meeting in order to present the application. An agenda will be sent to the applicant containing the date, time and location of the meeting. The EDC will vote on whether or not to forward the application to the Board of Selectmen (BOS). If the EDC chooses to forward the application to the BOS, the EDC will determine the terms of the abatement in accordance with state law and will state the reason(s) they support the request for tax abatement in their report to the BOS; they may also add conditions of approval.

If the EDC forwards the application to the BOS, the Planning Department will request that the tax abatement be placed on the next BOS agenda. The applicant must attend the meeting in order to present the application. An agenda will be sent to the applicant containing the date, time, and location of the meeting. The EDC Chairman or his/her designee will also be in attendance to speak in favor of the application.

If approved by the BOS, the First Selectman will request that the Town Attorney draft a contract. A copy of the draft contract will be sent to the Assessor and the Planning Department for comment. Once the terms and conditions of the contract are agreed to the BOS will schedule a Town Meeting in order for the townspeople to vote to approve or deny the abatement. The EDC Chairman or his/her designee will also be in attendance to speak in favor of the application.

Once approved at Town Meeting, the First Selectman will notify the Town Attorney and the Town Attorney will forward the contract to the Planning Department, which will send it to the applicant for execution. The contract must be executed and delivered to the Planning Department prior to the issuance of the Certificate of Occupancy (C.O.).

Upon issuance of the C.O., the applicant shall submit receipts to the Assessor's Department as to the actual cost of the site and building improvements in order to certify that the terms of the contract have been met. The Assessor's Department may forward the receipts to the EDC if the amount expended is lower than the amount in the contract. The Assessor's Department will submit a final recommendation to the BOS to implement the tax abatement. Once the BOS has approved the implementation of the abatement, the First Selectman will forward a written directive to authorize the Assessor to apply the abatement.

The original contract will be retained in the First Selectman's Office, with copies sent to the applicant, Assessor, Tax Collector and Town Planner. A copy of all correspondence regarding the subject abatement shall be maintained in the Planning Department.

The reduced assessment will apply to the October 1st tax list immediately following the issuance of a C.O. for the new construction.

The EDC will perform an annual review in March to ensure all elements of the tax abatement agreement between the town and company remain in place. The EDC will notify the Assessor whether or not the company is in compliance with the agreement.

If the abatement recipient default on terms, conditions or warranties contained in the abatement agreement, and fails to cure such default within six (6) months after notification by the town, then the agreement will terminate. The Town of Ellington may recapture up to 100% of all taxes abated.

**TOWN OF ELLINGTON
REAL ESTATE TAX ASSESSMENT ABATEMENT
APPLICATION FORM**

APPLICANT'S INFORMATION:

BUSINESS NAME: _____

OWNER(S): _____

MAILING ADDRESS: _____

PHONE: _____ FAX: _____

EMAIL: _____

PROPERTY DESCRIPTION:

SUBJECT PROPERTY ADDRESS: _____

ASSESSOR'S PARCEL NUMBER (APN): _____

DEED: VOL. _____ PG. _____ TOTAL AC. OF PARCEL: _____

PROPERTY IMPROVEMENT INFORMATION:

LAND ACQUISITION: YES / NO (CIRCLE ONE)

IF YES, TOTAL AC. ACQUIRED: _____

NEW CONSTRUCTION OR ADDITION: (CIRCLE ONE)

NEW CONSTRUCTION (SQ. FT.): _____

TOTAL BUILDING (SQ. FT.): _____

INDUSTRY TYPE & BUSINESS USAGE STATEMENT:

ANTICIPATED WASTE OUTPUT (GPD): _____

COST OF LAND: \$ _____

COST OF BUILDING OR ADDITION: \$ _____

COST OF SITE IMPROVEMENTS: \$ _____

FAIR MARKET VALUE OF EXISTING MACHINERY: _____

FAIR MARKET VALUE OF EXISTING EQUIPMENT: _____

FAIR MARKET VALUE OF EXISTING MOTOR VEHICLES: _____

COST OF NEW MACHINERY: \$ _____

COST OF NEW EQUIPMENT: \$ _____

COST OF NEW MOTOR VEHICLES: \$ _____

NUMBER OF EXISTING EMPLOYEES: _____

NUMBER OF ANTICIPATED ADDITIONAL EMPLOYEES: _____

EXPECTED HIRE DATES OF ADDITIONAL EMPLOYEES: _____

TYPE OF JOBS AND JOB TITLES OF ANTICIPATED ADDITIONAL EMPLOYEES: _____

VALUE OF PUBLIC AND/OR SUPPLEMENTAL FUNDING: _____

ANTICIPATED CONSTRUCTION SCHEDULE: _____

If additional space is needed, please provide a separate attachment(s).

ATTACH A DOCUMENT THAT STATES YOU ARE CURRENT WITH FEDERAL, STATE AND LOCAL TAXES; PROVIDE COPIES OF SITE DEVELOPMENT PLANS AND BUILDING PLANS, AND A STATEMENT EXPLAINING HOW THE PROPOSAL WILL PROVIDE BUSINESS GROWTH, TAX REVENUE AND POTENTIAL EMPLOYMENT FOR TOWN RESIDENTS. INCLUDE A LIST OF ALL BUSINESS NAMES WITH PRINCIPALS AND TOWNS THAT YOU HAVE DONE BUSINESS IN FOR THE PAST 5 YEARS.

PLEASE ATTACH ANY ADDITIONAL INFORMATION THAT YOU FEEL WILL BE HELPFUL DURING THE TAX ABATEMENT REVIEW.

SIGNATURE: _____ DATE: _____

APPLICATION REVIEW SHEET

ASSESSOR:

DATE REFERRED: _____

DATE REVIEWED: _____

COMMENTS:

SIGNATURE

TAX COLLECTOR:

DATE REFERRED: _____

DATE REVIEWED: _____

COMMENTS:

SIGNATURE

FIRST SELECTMAN:

DATE REFERRED: _____

DATE REVIEWED: _____

COMMENTS:

SIGNATURE

ECONOMIC DEVELOPMENT COMMISSION:

APPLICATION FORWARDED TO BOS: YES / NO (CIRCLE ONE)

DATE: _____

COMMENTS:

EDC CHAIRMAN SIGNATURE

BOARD OF SELECTMEN:

APPLICATION FORWARDED TO TOWN MEETING: YES / NO (CIRCLE ONE)

DATE: _____

COMMENTS:

FIRST SELECTMAN SIGNATURE

APPROVED AT TOWN MEETING ON: _____

BUILDING PERMIT NUMBER: _____

POLICY APPROVAL/REVISIONS:

BOS ADOPTED 5-13-2002

BOS APPROVED AS REVISED 11-13-2006 and 3-18-2013

REVISED 5-15-2013 (Organizational/Grammatical Revisions Only)

BOS APPROVED AS REVISED 9-15-2014 (Change Planning to Assessor's Department Page 4, 2nd Paragraph)